

REGULATION OF BANK INDONESIA
NUMBER 19/8/PBI/2017 ON
NATIONAL PAYMENT GATEWAY

BY THE BLESSINGS OF THE ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering :
- a. that to realize smooth, safe, efficient, and reliable national payment system and by observing more advanced, competitive, and integrated information, communication, technology, and innovation, the national payment system policy must be directed at development of integrated and sustainable resilience and development as well as competitiveness increase;
 - b. that to build resilience, conduct integrated and sustainable development, and increase competitiveness of national payment system, management of infrastructure, institution, instruments, and mechanism of national payment system is required in a system capable of processing all domestic retail payment transactions in interconnection and interoperability;

- c. processing of domestic retail payment transactions in interconnection and interoperability within the implementation of national payment gateway aims to fulfill public need for cashless transactions by using retail payment instruments and to facilitate and expand public acceptance to national cashless movement;
- d. national payment gateway must be implemented by prioritizing national interests, keeping oriented to risk management, observing customer protection, and applying international standards and practices;
- e. that based on the foregoing considerations in letter a until letter d, it is necessary to establish Regulation of Bank Indonesia on National Payment Gateway;

Observing : 1.

- Law Number 7 of 1992 on Banks (State Gazette of the Republic of Indonesia of 1992 Number 31, Supplement to State Gazette of the Republic of Indonesia Number 3472) as amended by Law Number 10 of 1998 on Amendment to Law Number 7 of 1992 on Banks (State Gazette of the Republic of Indonesia of 1998 Number 182, Supplement to State Gazette of the Republic of Indonesia Number 3790);
- 2. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law (State Gazette of the Republic of

Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

3. Law Number 21 of 2008 on Sharia Banks (State Gazette of the Republic of Indonesia of 2008 Number 94, Supplement to State Gazette of the Republic of Indonesia Number 4867);
4. Law Number 3 of 2011 on Fund Transfers (State Gazette of the Republic of Indonesia of 2011 Number 39, Supplement to State Gazette of the Republic of Indonesia Number 5204);

HAS DECIDED:

To establish : REGULATION OF BANK INDONESIA ON NATIONAL PAYMENT GATEWAY.

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Regulation of Bank Indonesia:

1. National Payment Gateway, hereinafter abbreviated to NPG, means a system which consists of the standard, switching, and services built through some arrangements to integrate different payment instruments and canals nationwide.
2. Standard means standardized technical and operational specifications.
3. Switching means switching as specified in regulation of Bank Indonesia on implementation of payment transaction processing.
4. Services mean services provided to meet the needs of retail payment system industry.
5. Standard Agency means an agency which prepares and manages Standards in NPG.

6. Switching Agency means an agency which implements Switching in NPG.
7. Services Agency means an agency which manages Services in NPG.
8. Bank means the bank as specified in the Law on banks and the sharia bank as specified in the Law on sharia banks.
9. Non-Bank Institution means non-bank businesses incorporated under the law of Indonesia.
10. Issuer means the issuer as specified in the regulation of Bank Indonesia on payment by cards and the regulation of Bank Indonesia on electronic money.
11. Acquirer means the acquirer as specified in the regulation of Bank Indonesia on payment by cards and the regulation of Bank Indonesia on electronic money.
12. Payment Gateway Operator means the payment gateway operator as specified in the regulation of Bank Indonesia on implementation of payment transaction processing.
13. Automated Teller Machine, hereinafter abbreviated to ATM, means a machine used for ATM and/or debit cards as specified in the regulation of Bank Indonesia on payment by cards.

CHAPTER II

OBJECTIVE AND SCOPE

Article 2

Bank Indonesia adopts NPG policy through Switching interconnection to realize national payment system interoperability.

Article 3

Scope of NPG includes domestic payment transactions:

- a. Switching interconnection;
- b. interconnection and interoperability of payment canals in the forms of ATM, electronic data capture (EDC), agent, payment gateway, and other payment canals; and
- c. interoperability of payment by cards in the forms of ATM and/or debit cards, credit cards, electronic money, and other payment instruments.

CHAPTER III

PARTIES TO NPG

Article 4

Parties to NPG include:

- a. NPG operator; and
- b. parties connected with NPG.

Article 5

- (1) The NPG operator set forth in Article 4 letter a includes:
 - a. Standard Agency;
 - b. Switching Agency; and
 - c. Services Agency.
- (2) Parties connected with NPG set forth in Article 4 letter b include:
 - a. Issuer;
 - b. Acquirer;
 - c. Payment Gateway Operator; and
 - d. other parties determined by Bank Indonesia.
- (3) Parties connected with NPG set forth in paragraph (2) consist of commercial banks, sharia banks, and non-bank institutions.
- (4) People's credit banks and sharia rural credit banks may be connected with NPG through commercial banks or sharia banks.

- (5) Further provisions for relationship between NPG operators and parties connected with NPG are specified in the Regulation of Members of Board of Governors.

CHAPTER IV NPG OPERATOR

Part One Standard Agency

Article 6

- (1) Standard Agency set forth in Article 5 paragraph (1) letter a shall be determined by Bank Indonesia.
- (2) Any party determined as a Standard Agency must at least meet the following criteria:
 - a. representative of national payment system industry;
 - b. established under the law of Indonesia; and
 - c. has the competency to prepare, develop, and manage the Standard for interconnection and interoperability of various payment instruments and canals.

Article 7

- (1) Any party, which intends to conduct activities as a Standard Agency, must submit to Bank Indonesia a written application in Indonesian language to be determined as a Standard Agency together with the supporting documents to meet the criteria set forth in Article 6 paragraph (2).
- (2) To process the application set forth in paragraph (1), Bank Indonesia will conduct:
 - a. administrative review;
 - b. applicant eligibility analysis; and

- c. applicant examination, if necessary.
- (3) Based on the process result set forth in paragraph (2), Bank Indonesia will decide to:
 - a. approve; or
 - b. deny,the submitted application.
- (4) Further provisions for the procedure for application as a Standard Agency are specified in the Regulation of Members of Board of Governors.

Article 8

- (1) Standard Agency functions to prepare, develop, and manage the Standard for interconnection and interoperability of payment instruments, payment canals, and Switching, and security.
- (2) To manage the Standard set forth in paragraph (1), a Standard Agency has the following duties:
 - a. manage and implement certification process to ensure compatibility of payment instruments and/or canals with the Standard;
 - b. manage and administer vendors and products related to payment instruments and/or canals which have met the Standard;
 - c. manage and implement key management as a certification authority; and
 - d. perform other duties determined by Bank Indonesia.
- (3) To protect public interest, ownership of the Standard prepared, developed, and managed by the Standard Agency is retained by Bank Indonesia.

Article 9

- (1) The Standard Agency is responsible to ensure the security and reliability of information technology used in the preparation, development, and management of the Standard.
- (2) The Standard Agency must maintain the confidentiality of data and information on the preparation and management of the Standard.

Article 10

The Standard Agency must request the approval of Bank Indonesia for strategic matters in performing their functions and duties.

Article 11

- (1) Standard Agency shall implement the Standard determined by Bank Indonesia.
- (2) Standard Agency must conduct periodic evaluation of the determined and implemented Standard.
- (3) Standard Agency is responsible for increasing the understanding of parties connected with NPG on the determined and implemented Standard.

Part Two

Switching Agency

Article 12

- (1) Switching Agency set forth in Article 5 paragraph (1) letter b must obtain prior written approval of Bank Indonesia.
- (2) To obtain approval of Bank Indonesia, Switching Agency must at least meet the following requirements:
 - a. has obtained permit as a switching operator under the provisions of Bank Indonesia on implementation of payment transaction processing;

- b. has implemented domestic payment transaction processing by using infrastructures owned in Indonesia;
 - c. has met share ownership of at least 80% (eighty percent) by an Indonesian citizen and/or Indonesian legal entities; and
 - d. has the ability and capacity to perform Switching function in NPG.
- (3) In addition to meet the requirements set forth in paragraph (2), an applicant of Switching Agency must have paid-up capital of at least Rp50,000,000,000.00 (fifty billion rupiah).
 - (4) In the event of foreign ownership in Switching Agency set forth in paragraph (2) letter c, the foreign ownership includes direct and indirect ownership according to the assessment of Bank Indonesia.
 - (5) Switching Agency, which has obtained approval of Bank Indonesia, must meet the share ownership percentage set forth in paragraph (2) letter c.
 - (6) Switching Agency must request the approval of Bank Indonesia if they change their capital and/or shareholder structure.

Article 13

- (1) Any party, which intends to conduct activities as a Switching Agency, must submit to Bank Indonesia a written application in Indonesian language for approval as a Switching Agency together with supporting documents to meet the requirements set forth in Article 12 paragraph (2) and (3).

- (2) To process the application for approval set forth in paragraph (1), Bank Indonesia will conduct:
 - a. administrative review;
 - b. applicant eligibility analysis; and
 - c. applicant examination, if necessary.
- (3) Based on the process result set forth in paragraph (2), Bank Indonesia will decide to:
 - a. approve; or
 - b. deny,the submitted application.
- (4) Further provisions for the procedure for application as a Switching Agency are specified in the Regulation of Members of Board of Governors.

Article 14

Switching Agency has the function and duty to process domestic payment transaction data for interconnection and interoperability.

Article 15

- (1) Every Switching Agency must conduct interconnection with at least 2 (two) other Switching Agencies.
- (2) Bank Indonesia may determine certain policy on interconnection between Switching Agencies set forth in paragraph (1).

Article 16

Switching Agency must:

- a. comply with service level agreements (SLA) for Switching Agencies determined by Bank Indonesia;
- b. apply the Standard determined by Bank Indonesia and managed by Standard Agencies; and
- c. get connected and provide access to data on payment transaction and operational activities to Services Agencies.

Article 17

- (1) Switching Agencies may cooperate with Switching operators outside of NPG provided that they have obtained approval of Bank Indonesia.
- (2) Switching Agencies must ensure that domestic payment transactions through parties cooperating with them are processed through NPG.

Article 18

- (1) The approval granted to Switching Agencies for the cooperation set forth in Article 17 paragraph (1) shall refer to the provisions of Bank Indonesia on implementation of payment transaction processing.
- (2) In addition to the provisions set forth in paragraph (1), grant of cooperation approval to Switching Agencies must also consider Switching operator's contribution outside of NPG to capacity and capability increase of NPG implementation.

Part Three

Services Agency

Article 19

- (1) Services Agencies set forth in Article 5 paragraph (1) letter c are determined by Bank Indonesia.
- (2) Any party determined as a Services Agency must at least meet the following criteria:
 - a. is established under the law of Indonesia as a limited liability company;
 - b. has the ability and capacity to perform Services functions in NPG; and
 - c. the shares are jointly owned by:
 1. the Switching Agency; and
 2. Commercial Bank by Business Activity (BUKU) 4 (four) whose majority shares are owned by an Indonesia citizen and/or Indonesian legal entity.
- (3) Share ownership in Services Agency by Commercial Bank by Business Activity (BUKU) 4 (four) set forth in paragraph (2) letter c item 2 may be in the form of

Article 20

- (1) Any party, which intends to conduct activities as a Services Agency must submit to Bank Indonesia a written application in Indonesian language to be determined as a Services Agency together with the supporting documents to meet the requirements set forth in Article 19 paragraph (2).
- (2) To process the application set forth in paragraph (1), Bank Indonesia will conduct:
 - a. administrative review;
 - b. applicant eligibility analysis; and
 - c. applicant examination, if necessary.
- (3) Based on the process result set forth in paragraph (2), Bank Indonesia will decide to:
 - a. approve; or
 - b. deny,the submitted application.
- (4) Further provisions for the procedure for application as a Services Agency are specified in the Regulation of Members of Board of Governors.

Article 21

- (1) A Services Agency has the following duties:
 - a. maintain payment transaction security and customer data confidentiality;
 - b. conduct reconciliation, clearing, and settlements;
 - c. develop a system of fraud prevention, risk management, and risk mitigation;

- d. manage life cycle of secure access module (SAM) and mobile apps;
 - e. resolve payment transaction disputes for customer protection; and
 - f. perform other duties mandated by Bank Indonesia relating to Services activities.
- (2) To perform the duties set forth in paragraph (1), a Services Agency may:
- a. make provisions; and
 - b. get access to payment transaction data and operational activities of a Switching Agency.

Article 22

- (1) A Services Agency must comply with the standards and SLA of Services Agencies specified by Bank Indonesia.
- (2) A Services Agency must request the approval of Bank Indonesia for strategic matters in the performance of their duties.

Article 23

Further provisions for NPG operators are specified in the Regulation of Members of Board of Governors.

CHAPTER V

PARTIES CONNECTED WITH NPG

Article 24

For implementation of interconnection and interoperability, parties connected with NPG set forth in Article 5 paragraph (2) must:

- a. comply with and apply the Standard determined by Bank Indonesia and managed by a Standard Agency; and
- b. comply with the provisions specified by a Services Agency.

Article 25

- (1) Any parties connected with NPG set forth in Article 5 paragraph (2) must be connected with NPG by becoming a member of at least 2 (two) Switching Agencies.
- (2) The obligation set forth in paragraph (1) is exempted for instruments with mutual interoperability without through a Switching Agency.

Article 26

Further provisions for parties connected with NPG are specified in the Regulation of Members of Board of Governors.

CHAPTER VI

IMPLEMENTATION OF NPG

Part One

Mandatory Final Settlements in Bank Indonesia

Article 27

- (1) A Switching Agency must process final settlements in Bank Indonesia for calculation result of transactions between members of the same Switching Agency.
- (2) A Services Agency must process final settlements in Bank Indonesia for calculation result of transactions between Switching Agencies and/or between Issuers.
- (3) Procedure and mechanism for membership in Switching Agencies and Services Agencies to process final settlements in Bank Indonesia shall refer to the provisions of Bank Indonesia for implementation of transactions, administration of securities, and real-time fund settlements.

Part Two

Processing of Domestic Payment Transactions

Article 28

- (1) Every domestic payment transaction must be processed through NPG.
- (2) Processing of domestic payment transactions in NPG implementation is as follows:
 - a. processing of ATM and/or debit cards is subject to the provisions of Bank Indonesia on payments by cards; and
 - b. processing of payment instruments other than ATM and/or debit cards is subject to the Regulation of Members of Board of Governors to be further determined by Bank Indonesia.

Part Three

National Branding

Article 29

- (1) NPG operators set forth in Article 5 paragraph (1) and parties connected with NPG set forth in Article 5 paragraph (2) must meet the provisions of Bank Indonesia on national branding.
- (2) The national branding set forth in paragraph (1) means a set of rules on logo, expansion of national acceptance, and domestic processing.
- (3) Further provisions for the policy and use procedure for national branding are specified in the Regulation of Members of Board of Governors.

Article 30

- (1) Bank Indonesia specifies the national logo set forth in Article 29 paragraph (2).

- (2) Parties connected with NPG must feature the national logo set forth in paragraph (1) on every issued payment instrument.
- (3) Parties connected with NPG set forth in Article 5 paragraph (2), which provide payment canals in the form of ATM, EDC, agent, payment gateway, and/or other payment canals, must:
 - a. use the national logo set forth in paragraph (1); and
 - b. receive payment instruments featuring the national logo set forth in paragraph (1).

Part Four Price Scheme

Article 31

- (1) NPG operators set forth in Article 5 paragraph (1) and parties connected with NPG set forth in Article 5 paragraph (2) must comply with the provisions of Bank Indonesia on price scheme policy.
- (2) The price scheme policy set forth in paragraph (1) is established by considering the following principles:
 - a. promote acceptance expansion, efficiency, competition, service, and innovation;
 - b. be based on the aspect of cost of recovery plus reasonable margin, risks, and convenience; and
 - c. determine the amount and structure of tariff and fee.
- (3) The establishment of price scheme policy set forth in paragraph (1) may consider feedbacks from other parties.
- (4) Further provisions for price scheme policy are specified in the Regulation of Members of Board of Governors.

Part Five
Service Features

Article 32

- (1) NPG operators set forth in Article 5 paragraph (1) and parties connected with NPG set forth in Article 5 paragraph (2) must provide service features for payment transactions processed through NPG.
- (2) Service features set forth in paragraph (1) consist of:
 - a. payment;
 - b. transfer;
 - c. cash withdrawal;
 - d. balance check; and/or
 - e. other service features.
- (3) Mandatory service feature provision set forth in paragraph (2) refers to the provisions of Bank Indonesia on payments by cards and on electronic money.

CHAPTER VII
REPORT

Article 33

- (1) Every NPG operator set forth in Article 5 paragraph (1) must submit periodic reports to Bank Indonesia.
- (2) The reports set forth in paragraph (1) consist of:
 - a. periodic reports; and
 - b. incidental reports.

Article 34

- (1) Periodic reports set forth in Article 33 paragraph (2) letter a for Standard Agencies consist of:
 - a. quarterly reports; and

- b. annual reports.
- (2) Incidental reports set forth in Article 33 paragraph (2) letter b for Standard Agencies consist of:
 - a. statement of changes in equity and/or share register and change of Standard Agency's management;
 - b. report of change of data and information in the documents submitted along with the application to Bank Indonesia; and
 - c. other reports required by Bank Indonesia.

Article 35

- (1) Periodic reports set forth in Article 33 paragraph (2) letter a for Switching Agencies are periodic reports for switching operators as specified in the provisions of Bank Indonesia on implementation of payment transaction processing by adding information on operational activities of Switching Agencies.
- (2) Incidental reports set forth in Article 33 paragraph (2) letter b for Switching Agencies are incidental reports as specified in the provisions of Bank Indonesia on implementation of payment transaction processing.

Article 36

- (1) Periodic reports set forth in Article 33 paragraph (2) letter a for Switching Agencies consist of:
 - a. quarterly reports;
 - b. annual reports; and
 - c. audited information system reports by an independent auditor made annually.

- (2) Incidental reports set forth in Article 33 paragraph (2) letter b for Services Agencies consist of:
- a. reports on Services failure and follow-ups taken;
 - b. reports on change of Services Agency's management;
 - c. reports on force majeure in Services implementation;
 - d. reports on change of data and information in the documents submitted along with the application to Bank Indonesia; and
 - e. other reports required by Bank Indonesia.

Article 37

Further provisions for the format and procedure for report submission are specified in the Regulation of Members of Board of Governors.

Article 38

Reports for parties connected with NPG set forth in Article 5 paragraph (2) are the reports specified in the provisions of Bank Indonesia for implementation of payment transaction processing.

CHAPTER VIII SUPERVISION

Article 39

- (1) Bank Indonesia shall supervise NPG operators set forth in Article 5 paragraph (1) including:
- a. direct supervision; and
 - b. indirect supervision.

- (2) Where necessary, Bank Indonesia shall conduct the direct supervision set forth in paragraph (1) letter a on parties making cooperation with NPG operators as set forth in Article 5 paragraph (1).
- (3) Bank Indonesia may assign another party for and on behalf of Bank Indonesia to conduct the direct supervision set forth in paragraph (1) letter a.
- (4) Further provisions for supervision procedure are specified in the Regulation of Members of Board of Governors.

Article 40

If the supervision result by Bank Indonesia shows that NPG operators set forth in Article 5 paragraph (1) fail to sufficiently perform their duties and responsibilities, Bank Indonesia may:

- a. request NPG operators set forth in Article 5 paragraph (1) to:
 - 1. do or omit to do something; and
 - 2. temporarily stop the activities, entirely or partially; and
- b. revoke the decision or approval granted to NPG operators set forth in Article 5 paragraph (1).

CHAPTER IX SANCTIONS

Article 41

NPG operators set forth in Article 5 paragraph (1), which breach the provisions specified in Article 9 paragraph (2), Article 12 paragraph (5), Article 15 paragraph (1), Article 16, Article 22 paragraph (1), Article 27 paragraph (1), Article 27 paragraph (2), Article 28 paragraph (1), Article 29 paragraph (1), Article 31 paragraph (1), Article 32 paragraph (1), and/or Article 33 paragraph (1), shall be imposed with the following sanctions:

- a. written warning;
- b. fine;
- c. temporary termination of activities, entirely or partially;
and/or
- d. revocation of decision and/or approval as NPG operators
set forth in Article 5 paragraph (1).

Article 42

Parties connected with NPG set forth in Article 5 paragraph (2), which breach the provisions specified in Article 24, Article 25 paragraph (1), Article 28 paragraph (1), Article 29 paragraph (1), Article 30 paragraph (2), Article 30 paragraph (3), Article 31 paragraph (1), and Article 32 paragraph (1), shall be imposed with the following administrative sanctions:

- a. written warning;
- b. fine; and/or
- c. temporary or permanent termination of connectivity with
NPG.

Article 43

Further provisions for procedure for sanction imposition are specified in the Regulation of Members of Board of Governors.

CHAPTER X

OTHER PROVISIONS

Article 44

- (1) Bank Indonesia may establish a certain policy to make the decision and/or grant the approval for NPG operators set forth in Article 5 paragraph (1).
- (2) The certain policy set forth in paragraph (1) shall be based, among others, on the following considerations:
 - a. improve national efficiency;
 - b. support national policy;
 - c. maintain public interest;

- d. maintain industrial growth; and
- e. maintain sound business competition.

Article 45

- (1) The national chip technology standard for ATM and/or debit cards set by Bank Indonesia under the provisions of Bank Indonesia on payments by cards is established as the Standard for ATM and/or debit cards to be used in NPG.
- (2) Any parties, who operate the national chip technology standard for ATM and/or debit cards set forth in paragraph (1), shall be determined as Standard Agencies set forth in Article 6 paragraph (1) for interoperability of payment instruments in the form of ATM and/or debit cards.

CHAPTER XI

TRANSITIONAL PROVISIONS

Article 46

- (1) Any party, which has obtained the permit as a principal prior to the enforcement of this Regulation, may submit a application for approval as a Switching Agency according to the principal permit they have obtained, provided that the party have met the criteria set forth in Article 12 paragraph (2) letter b, c, and d.
- (2) The application set forth in paragraph (1) must be made no later than 3 (three) months as of the enforcement of this Regulation.
- (3) Provisions for paid-up capital requirement set forth in Article 12 paragraph (3) shall not be applicable to the parties set forth in paragraph (1).

- (4) The parties set forth in paragraph (1) shall remain responsible to provide Services activities for their members.

Article 47

Periodic reports set forth in Article 33 paragraph (2) letter a for principals as Switching Agencies shall mean periodic reports as specified in the provisions of Bank Indonesia on implementation of payment transaction processing by adding information on operational activities of Switching Agencies.

Article 48

Prior to establishment of Services Agencies, all duties and authorities of Services Agencies shall be performed by parties appointed by Bank Indonesia by considering feedbacks from payment system industry.

CHAPTER XII

CLOSING PROVISIONS

Article 49

- (1) Parties connected with NPG set forth in Article 5 paragraph (2) which are commercial banks and sharia banks for ATM and/or debit cards, must meet the provisions specified in Article 25 paragraph (1) no later than 30 June 2018.
- (2) Parties connected with NPG set forth in Article 5 paragraph (2) which are commercial banks and sharia banks for ATM and/or debit cards, must meet the provisions specified in Article 25 paragraph (1) in accordance with the provisions and time to be further specified in the Regulation of Members of Board of Governors.

- (3) Parties connected with NPG set forth in Article 5 paragraph (2) which are Non-Bank Institutions, may be connected with NPG in accordance with the provisions and time to be further specified in the Regulation of Members of Board of Governors.

Article 50

This Regulation of Bank Indonesia shall start to take effect as of its promulgation date.

For public recognition, it is hereby ordered that this Regulation of Bank Indonesia be promulgated in the State Gazette of the Republic of Indonesia.

Issued in Jakarta on 21
June 2017

GOVERNOR OF BANK INDONESIA,

AGUS D.W.MARTOWARDOJO

Promulgated in Jakarta on
22 June 2017

MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA,

YASONNA H.LAOLY

ELUCIDATION
ON
BANK INDONESIA REGULATION
19/8/PBI/2017 CONCERNING
NATIONAL PAYMENT GATEWAY

I. GENERAL

Payment system landscape in Indonesia keeps developing. Technology becomes a catalyst to accelerate national payment system development. The ecosystem of national payment system is relatively complex and tends to be fragmented. Fragmentation arising from non-existent interconnection makes payment system infrastructure inefficient. On the institutional side, there has been no regulation and national institution mechanism (arrangement) covering the interconnection or interoperability of domestic retail payment system industry.

NPG is developed to make payment infrastructure safer, more efficient, and more reliable. Institutional regulation and mechanism in NPG will serve as an umbrella of interconnection or interoperability of domestic retail payment system industry.

This NPG initiative is realized through active, coordinated involvement of payment system industry by prioritizing national interest aspect, so that it can realize connected domestic infrastructure, be used collectively, and converge to reach an optimal interoperability.

As the authority mandated by the Law to regulate, grant permits, and oversee national payment system, Bank Indonesia must establish an NPG policy through switching interconnection in order to realize national payment system interoperability. Domestic payment transactions as the scope of NPG implementation include interoperability of payment instruments in the forms of ATM and/or debit cards, credit cards, electronic money, and other payment instruments, as well as interconnection and interoperability of payment canals in the forms of ATM, EDC, agents, payment gateway, and other payment canals.

NPG Operators are Standard Agency, Switching Agency, and Services Agency, who will work collectively and be supported by parties connected with NPG, such as the Issuer, Acquirer, Payment Gateway Operator, and any other parties determined by Bank Indonesia.

Standard Agency plays the role to ensure interconnection and interoperability happen in the Standard preparation and management, primarily payment instrument Standard, payment canal Standard, and transaction service feature Standard. Switching Agency is tasked to facilitate to forward domestic payment transaction data to realize and maintain safe and efficient interconnection and interoperability. Meanwhile, Services Agency plays the role to provide access to cross-network payment transactions, as well as to regulate and ensure sufficient payment transaction security.

NPG may serve as the foundation to process mass payment transactions through integration process of all domestic payment and processing canals, which have not been efficiently implemented. Therefore, the NPG regulation and mechanism (arrangement) specify that all domestic payment transactions and payment instruments domestically issued by domestic issuers must be domestically processed. It aims to extend public acceptance to cashless payment transactions by using retail payment instruments and to become an integral part of Bank Indonesia's efforts to facilitate national cashless movement.

NPG must remain prioritizing the national interest, promote the application of principle of prudence, risk management, and customer protection according to international standard and practice.

In relation thereto, it is necessary to regulate NPG in a Bank Indonesia Regulation.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Self-explanatory

Article 3

“Domestic payment transaction” means any transactions that:

1. use payment instruments issued by Issuers in Indonesia; and
2. are made within the Republic of Indonesia.

Letter a

“Switching interconnection” means interconnection between one Switching network and another.

Letter b

“Payment canal interconnection” means interconnection between one payment canal and another.

“Payment canal interoperability” means a condition where payment instruments may be used in any infrastructure other than that of the relevant payment instrument Issuer.

“EDC” means electronic data captured as specified in Bank Indonesia regulation on cards as a payment instrument.

“Agent” means a party cooperating with an Issuer to provide payment system and financial services by using facility and device with web-based and mobile-based technology.

“Other payment canals” means any payment canals owned by the Bank (*proprietary channel*), except payment canals whose transactions are processed through Bank Indonesia-National Clearing System (SKNBI) and/or Bank Indonesia-Real Time Gross Settlement (BI-RTGS).

Letter c

“Payment instrument interoperability” means a condition where payment instruments may be used in any infrastructure other than that of the relevant payment instrument Issuer.

Article 4

Self-explanatory

Article 5

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

“Other parties” means parties other than the Issuer, Acquirer, and Payment Gateway Operator providing payment services to customers.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 6

Paragraph (1)

Determination of Standard Agency includes payment instruments in the forms of ATM and/or debit cards, electronic money, credit cards, and/or other payment instruments.

Paragraph (2)

Letter a

“National payment system industry” includes principals, issuers, acquirers, clearing operators, and final settlement operators as specified in Bank Indonesia regulation on payment instruments by cards and Bank Indonesia regulation on electronic money.

Letter b

Self-explanatory

Letter c

The competency included to prepare, develop, and manage the Standard is to have the following:

1. organizational structure;
2. qualified human resources;
3. written policy and procedure; and
4. internal control system to ensure safe and efficient Standard preparation and management, which meets good governance principle.

Article 7

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Administrative review aims among others to ensure the completeness, accuracy, and conformity of the submitted documents.

Letter b

Eligibility analysis among others contains the track record, capacity and capability, and operational readiness.

Letter c

Examination is conducted by paying on-site visits to the party that applies for decision request in order to verify the reliability and conformity of the submitted documents and to ensure operational readiness.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 8

Paragraph (1)

If the standardized payment instrument is chip-based electronic money, Standard development will include SAM to realize interconnection and interoperability.

Paragraph (2)

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

“Key management” means digital key management functions, including issuing, modification, and revocation for standardization of payment system transaction security.

“Certificate authority” means issuing function and digital key management to guarantee and maintain data transmission security of a payment transaction.

Letter d

Self-explanatory

Paragraph (3)

Self-explanatory

Article 9

Paragraph (1)

Self-explanatory

Paragraph (2)

“Maintain data confidentiality” includes ensuring confidentiality of data and information if Standard preparation and management is conducted by another party.

Article 10

Strategic matters include:

- a. planning and development of Standard specification;
- b. determination of requirements, implementation procedure, and category of certified parties, including the amendment;
- c. cooperation with other parties to implement Standard preparation and management activities; and
- d. determination of the type and cost in Standard preparation and management activities.

Article 11

Paragraph (1)

Self-explanatory

Paragraph (2)

Evaluation of the determined Standard aims to ensure its conformity with technology advancement and industrial needs.

Paragraph (3)

One of the forms of improved understanding of parties connected with NPG on the Standard, among others through implementation of dissemination and education.

Article 12

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

“Payment transaction processing” includes authorization, clearing, and final settlement as specified in Bank Indonesia regulation on implementation of payment transaction processing.

Authorization phase includes forwarding payment transaction data.

“Infrastructure” among others includes the system, application, data center, and disaster recovery center.

Letter c

Document on shareholding structure and portion is accompanied with a letter confirming the reliability of the submitted data and information.

Letter d

“The ability and capacity to perform Switching function in NPG” means to have:

1. organizational structure;
2. qualified human resources;
3. written policy and procedure; and
4. reliable infrastructure.

Paragraph (3)

Document on paid-up capital is accompanied with a letter confirming the reliability of the submitted data and information.

Paragraph (4)

“Foreign ownership” means ownership of foreign citizens and/or business establishments.

Bank Indonesia’s assessment of indirect shareholding may be conducted until the ultimate shareholder/beneficial owner.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Article 13

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Administrative review aims among others to ensure the completeness, accuracy, and conformity of the submitted documents.

Letter b

Eligibility analysis among others contains the track record, capacity and capability, and operational readiness.

Letter c

Examination is conducted by paying on-site visits to the party that applies for decision request in order to verify the reliability and conformity of the submitted documents and to ensure operational readiness.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 14

Self-explanatory

Article 15

Self-explanatory

Article 16

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

To give access to Services Agency, a Switching Agency must observe the regulation of the Services Agency.

Article 17

Paragraph (1)

“Switching operator outside of NPG” means any party obtaining permit as a switching operator under Bank Indonesia regulation on implementation of principal and/or payment transaction processing under Bank Indonesia regulation on payment instrument by cards, not a Switching Agency.

Paragraph (2)

Self-explanatory

Article 18

Paragraph (1)

Self-explanatory

Paragraph (2)

“Contribution outside of NPG to capacity and capability increase of NPG implementation” among others are acceptance expansion and/or technology transfer.

Article 19

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

Capacity and ability to perform Services functions are to have:

1. organizational structure;
2. qualified human resources;
3. written policy and procedure; and
4. reliable infrastructures in Indonesia.

Letter c

Switching Agency, which becomes a shareholder, is all Switching Agencies.

Commercial bank, which becomes a shareholder, is all Commercial Banks by Commercial Activities (BUKU) 4 (four). Shareholding by BUKU 4 (four) may be conducted in phases according to the readiness of each Bank.

Paragraph (3)

Indirect ownership is calculated based on 2 (two) shareholding levels above a Services Agency.

Indirect ownership by Commercial Banks by Commercial Activities (BUKU) 4 (four) also includes if the Commercial Banks by Commercial Activities (BUKU) 4 (four) own their share but have the authority to also control the Services Agency based on an agreement with the Services Agency's owner.

Article 20

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Administrative review aims among others to ensure the completeness, accuracy, and conformity of the submitted documents.

Letter b

Eligibility analysis among others contains the track record, capacity and capability, and operational readiness.

Letter c

Examination is conducted by paying on-site visits to the party that applies for decision request in order to verify the reliability and conformity of the submitted documents and to ensure operational readiness.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 21

Paragraph (1)

Letter a

The duty includes maintaining payment transaction security and customer data confidentiality among others through development of security features and application of end-to-end encryption in payment transaction processing.

Letter b

The duty includes conducting reconciliation, clearing, and settlements among other through monitoring of data and operational activities of a Switching Agency.

Letter c

Self-explanatory

Letter d

“Life cycle of SAM” means a life cycle pertaining to the lifetime of SAM use.

“Life cycle of mobile apps” means the cycle of use pertaining to the period of use to be adjusted in the event of software update.

Letter e

Self-explanatory

Letter f

Self-explanatory

Paragraph (2)

Self-explanatory

Article 22

Paragraph (1)

Self-explanatory

Paragraph (2)

Strategic matters include determination of a Services Agency’s articles of association and their changes, such as changes of equity, management board, and/or shareholder composition, as well as activities related to duty performance as a Services Agency.

Article 23

Self-explanatory

Article 24

Self-explanatory

Article 25

Paragraph (1)

The mandatory connection with at least 2 (two) Switching Agencies applies to each payment instrument and/or canal.

Paragraph (2)

Self-explanatory

Article 26

Self-explanatory

Article 27

Paragraph (1)

Calculation result of transactions between members of the same Switching Agency includes transactions which use payment instruments in the forms of ATM and/or debit cards.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 28

Paragraph (1)

Transactions to be mandatorily processed through NPG include transactions through intra-Switching Agency and inter-Switching Agency.

Paragraph (2)

“Payment transaction processing” includes authorization, clearing, and final settlement as specified in Bank Indonesia regulation on implementation of payment transaction processing. Authorization phase includes forwarding payment transaction data.

Article 29

Paragraph (1)

Self-explanatory

Paragraph (2)

Regulation on logo among others specifies the logo design, affixation on each payment instrument and canal to be used in payment transactions through NPG, and parties against which logo affixation is mandatory.

Paragraph (3)

Self-explanatory

Article 30

Self-explanatory

Article 31

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

“Other parties” among others include:

- a. payment system industry, such as principal, issuer, acquirer, clearing operator, and final settlement operator as specified in Bank Indonesia regulation on payment instrument by cards and Bank Indonesia regulation on electronic money; and
- b. association.

Paragraph (4)

Self-explanatory

Article 32

Self-explanatory

Article 33

Self-explanatory

Article 34

Self-explanatory

Article 35

Paragraph (1)

“Operational activities of Switching Agency” mean matters pertaining to the operation of Switching Agency including payment transactions between members, payment transactions between Switching Agencies, and specific data for analysis purposes.

Paragraph (2)

Self-explanatory

Article 36

Paragraph (1)

Periodic reports for Services Agency among others include reports on the entire operational activities of the Services Agency.

Paragraph (2)

Self-explanatory

Article 37

Self-explanatory

Article 38

Self-explanatory

Article 39

In conducting supervision, Bank Indonesia also evaluates the performance of each Standard Agency, Switching Agency, and Services Agency.

Article 40

“Supervision result of Bank Indonesia” also includes evaluation result of each Standard Agency, Switching Agency, and Services Agency.

Article 41

Self-explanatory

Article 42

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Temporary or permanent termination of connectivity with NPG is conducted in cooperation with the Standard Agency, Switching Agency, and Services Agency.

Article 43

Self-explanatory

Article 44

Paragraph (1)

Certain policy to make the decision and/or grant the approval for NPG operators among others includes limitation of the number and requirements of Switching Agency and ownership of Services Agency.

Paragraph (2)

Self-explanatory

Article 45

Self-explanatory

Article 46

Paragraph (1)

“Principal” shall mean as specified in Bank Indonesia regulation on payment instrument by cards.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

“Services activities for their members” mean activities conducted for payment instruments in the forms of ATM and/or debit cards, excluding management of life cycle of SAM and life cycle of mobile apps.

Article 47

Self-explanatory

Article 48

“Payment system industry” among others means lain principals, issuers, acquirers, clearing operators, and final settlement operators as specified in Bank Indonesia regulation on payment instruments by cards and Bank Indonesia regulation on electronic money.

Parties which may be appointed by Bank Indonesia among others are principals, Issuers, and payment gateways.

Article 49

Self-explanatory

Article 50

Self-explanatory

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